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Canada

FRESH DECIDUOUS FRUIT ANNUAL

Apple and Pear Annual Report

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Report Highlights:

Cultivated and bearing area of both apples and pears continues on a downward trend in Canada. Bearing area for apples is forecast at 16,149 hectares in 2009/10. Canada's pear bearing area is expected to drop by nearly 28 percent from 1,095 hectares to 791 hectares in 2009/10. The drop in cultivated area for pears is largely due to CanGro's January 2008 announcement that it would close its St. Davids, Ontario canning facility – the last fruit canner in the province and the only Canadian cannery east of the Rockies. Overall better weather conditions is forecast to boost 2009/10 apple production to 410,000 MT which imports will continue to represent about 40 percent of total consumption and total about 170,000 MT. In 2009/10 pear production is forecast at 7,600 MT with the 70,000 MT of imports providing 90 percent of total fresh consumption.

Executive Summary:

- Based on preliminary reports, prospects point to higher production levels for the marketing year (MY) 2009/10 Canadian apple crop compared to the previous year despite a decline in bearing area to just over 16,000 hectares. Production is forecast up by about 4 percent to 410,000 metric tons (MT).
- According to Statistics Canada, the bearing area for apples during 2009/10 is forecast at 16,159 hectares, down by 1,649 hectares or 9 percent compared to the previous year. The decline in area is part of a multi-year downward trend that has seen cultivated area for apples drop an average of almost 3 percent over the past five years.
- Canada's apple producers are scaling back on new plantings as a result of rising production costs and possibility of higher returns in the cultivation of vinifera grapes and cranberries.
- Canada is forecast to export around 40,000 MT of apples in 2009/10, but export volumes will ultimately depend on the strength of the Canadian dollar and competition from the U.S. crop. Post forecasts apple imports in 2009/10 to reach about 170,000 MT, or close to 40 percent of total fresh consumption.
- Canada's pear bearing area is expected to drop by nearly 28 percent from 1,095 hectares to 791 hectares in 2009/10. The drop in area for pears is largely due to CanGro's January 2008 announcement that it would close its St. Davids, Ontario canning facility – the last fruit canner in the province and the only Canadian cannery east of the Rockies.
- Post forecasts that in 2009/10 Canada will import about 70,000 MT of fresh pears almost exclusively for fresh consumption. Imports will account for over 90 percent of fresh consumption.

Commodities:

Apples, Fresh

Pears, Fresh

Production: Apples

Based on preliminary industry reports, prospects point to higher production levels for the marketing year (MY) 2009/10 Canadian apple crop compared to the previous year. Sunnier weather during the spring this year compared to last year's cloudy skies has greatly aided pollination. Better pollination has led to bigger, less misshapen fruit with the corresponding corollary of higher yields and better pack outs. Post forecasts that 2009 production levels may increase between four and five percent to reach 410,000 metric tons (MT).

Canada Statistics nonetheless still anticipates that the cultivated area for apples will continue to fall in coming years. Cultivated area for apples is forecast to drop in 2009/10 by five percent from 20,300 hectares in 2008/09 to about 19,275 hectares due to the Canadian apple industry's ongoing downsizing. Bearing area is forecast to drop to just over 16,000 hectares. Despite the overall good yields in 2009, especially in British Columbia (Canada's third largest apple producing province), lower new plantings combined with high production costs and increased competition from imports from the United States and China are pressuring the Canadian apple industry to reduce its overall cultivated area.

Although apple production in 2009/10 was hurt by apple scab in Ontario (Canada's largest apple producing province) during the summer followed by some hail and frost damage, British Columbia's very good crop this year is mitigating any potential shortfalls. British Columbia's strong showing in 2009 comes despite late-season hail storms in the important apple producing region of the Okanagan Valley (affecting mainly the areas north and south of Penticton) that damaged a portion of the crop. While British Columbia's hail damaged crop has been picked, its suitability only for processing will likely drive down processing apples' price.

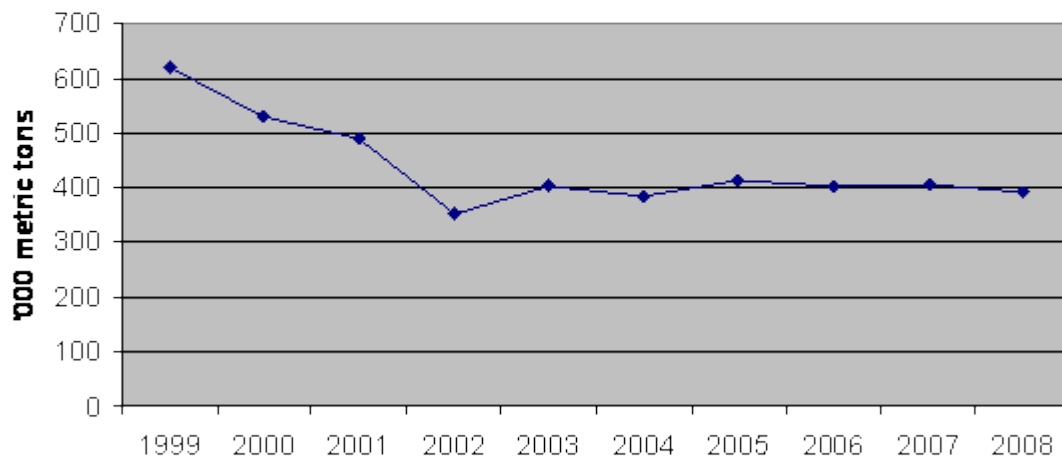
Declining Bearing Area

According to Statistics Canada, the cultivated area for apples during 2009/10 will fall to 19,275 hectares, or by over 1,000 hectares or 5 percent compared to the previous year. Likewise the bearing area dropped to an estimated 16,159 hectares. The decline in cultivated area is part of a multi-year downward trend that has seen cultivated area for apples drop an average of almost 3 percent over the past five years. Changing agricultural practices, resulting in higher density plantings in smaller areas, along with smaller producers exiting the industry due to production costs outpacing market returns is leading to a decline in cultivated area. Of the major apple-producing provinces, Ontario with 6,880 hectares under cultivation in 2009/10 is the largest followed by Quebec (6,232 hectares), British Columbia (3,602 hectares), Nova Scotia (2,226 hectares), and New Brunswick (243 hectares).

The following chart illustrates the decline in Canadian apple production during the 10-year period from 1999 to 2008. Production over time evidences an average annual

decline of roughly 4 percent during the ten year period. Due to market forces pushing production down it is unlikely that the 2009/10 higher forecasted production levels of 410,000 MT are likely to arrest the long-run downward trend.

Canadian Apple Production 1999-2008



Sources: Statistics Canada.

Working against producers' long-term commercial expansion is the declining profitability of apple cultivation. More affordable imports from the United States and China combined with high production costs and a strong Canadian dollar continue to force the apple industry to downsize. Many apple growers are responding to the evolving market situation by converting orchards over to new plantings of vinifera grapes and cranberries, as well as by turning land over for new housing development.

Other growers intent on remaining in the industry are turning to newer, more popular varieties such as Ambrosia and Honeycrisp and intensive planting systems in an attempt to remain competitive with imports. To assist producers adapt to industry pressures and changing markets, Canada's federal and provincial authorities have established replant programs (see, Policy Section).

Pears

Canada's cultivated area for pears has dropped roughly by half since the late 1990s. The decline in area under cultivation is primarily the result of urban encroachment on orchards, negative growth in consumption, and the pear processing industry's downsizing. Ontario, with 526 hectares dedicated to pear cultivation in 2009/10, continues to account for roughly two-thirds of Canada's commercial pear production. British Columbia, with 243 hectares under cultivation, is Canada's second largest pear producing province.

Statistics Canada estimates that the cultivated area for pears in 2009/10 will drop from 1,161 hectares reported in 2008/09 to about 864 hectares, or by over 25 percent. Similarly, Canada's pear bearing area is expected to drop by nearly 28 percent from 1,095 hectares to 791 hectares in 2009/10. The drop in cultivated area for pears is largely due to CanGro's January 2008 announcement that it would close its St. Davids, Ontario, canning facility – the last fruit canner in the province and the only Canadian cannery east of the Rockies.

Post estimates that Canadian pear output will fall from the 2008/09 level of 9,564 MT to about 7,600 MT in 2009/10, or by almost 21 percent due to the CanGro decision. Ontario's production alone will likely drop from 4,082 MT to about 2,500 MT in 2009/10, or by 39 percent as the result of the loss of 289 hectares of pear bearing area.

Consumption:

Per capita consumption of fresh apples and pears remains relatively stable despite a slight increase recorded by Statistics Canada during calendar year 2006 (see table). A stronger Canadian dollar may bump up fresh pear demand marginally in 2009/10, leading to slightly increased imports of roughly 70,000 MT. Canada imports about 40 percent of apples and 90 percent of pears consumed in the country.

Canada: Per Capita Consumption of Fresh Apples and Pears		
Year	Apples	Pears
2000	10.80	2.40
2001	11.41	2.46
2002	10.53	2.49
2003	10.66	2.53
2004	10.01	2.23
2005	10.95	2.23
2006	11.33	2.42
2007	10.66	2.49
2008	10.58	2.21
Units: kg per person (retail weight)		
Statistics Canada; Canada Food Statistics - 2008, May 2009		

Prices

Agriculture and Agri-Food Canada monitor fresh apple and pear prices in the major Canadian wholesale markets. The daily market prices for Toronto and Montreal are available electronically at the [Agriculture and Agri-Food Canada's \(AAFC\) InfoHort website](#).

Apples in Canada continue to be largely sold individually. Organic varieties command higher premiums, especially in open air markets and similar locales. Apples continue to be successfully marketed as a healthy eating option and are increasingly commonplace even at the convenience store level. Prices for fresh apples are negotiated between packers and the major grocery chains, a trend that is increasingly locking out higher-cost local producers, even despite increased “by local” campaigns.

Apple prices are determined by market forces. Weather conditions, too much or frost, will affect prices. Apple prices are also influenced by fluctuations in the cost of fertilizers, fuel and labor costs, and spray costs. Price spikes are possible if stocks of popular varieties run low.

Trade:

Apple Trade

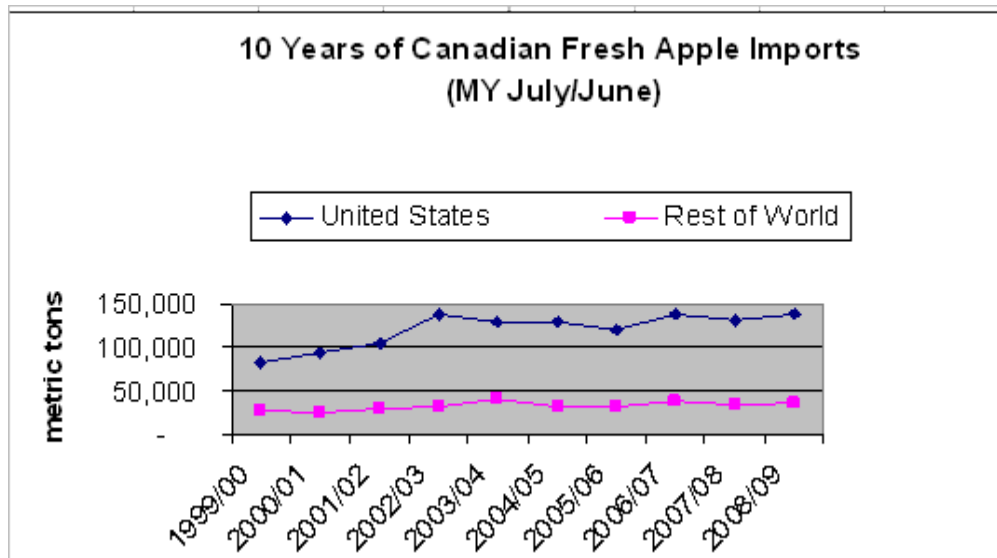
Canadian fresh apple imports reached 173,369 MT during 2008/09 due to a drop in domestic apple production. Post forecasts apple imports in 2009/10 to reach about 170,000 MT down slightly due to the larger domestic availability.

Consumption is being driven by consumers' increased health consciousness. Canadian authorities are promoting a number of fruit consumption programs such as the “5 to 10 a day for Better Health” program. The small increase in imports, despite land being taken out of production, can be attributed to the very good 2009 season which has seen higher yields. Canadian apple production is forecast to be up 5 percent from the five-year average.

The large 2009/10 North American crop this year, up by 4 to 5 percent compared to last year's, combined with Washington State's large carry-out stocks is putting significant pressure on Canadian apple producers. Washington State alone produces six times the

amount of apples that Canada does in any given year. These factors should assist to drive down the North American apple market's retail prices in 2009/10.

Canada: Fresh Apple Imports, by Country				
Marketing Year: July/June				
HS: 080810				
Quantity: Metric Tons				
Country	2006/07	2007/08	2008/09	Percent change
The World	178,317	166,594	173,369	4%
United States	139,658	132,565	138,599	5%
Chile	21,192	19,197	18,921	-1%
New Zealand	7,487	6,921	7,502	8%
China	5,833	5,085	5,116	1%
South Africa	2,958	1,991	2,924	47%
Argentina	947	325	62	-81%
France	43	300	201	-33%
All Others	199	210	44	-79%
Source: Derived from World Trade Atlas				



Derived from World Trade Atlas

Apple Imports by Utilization, Organic, Non-Organic

On January 1, 2007, Canada became the first country in the world to introduce [Harmonized Trade System](#) (HS) codes to tabulate imports of organic products ([see](#)

[CA7002](#)). Statistics Canada is capturing import trade data for 64 agricultural tariff classifications, mostly fresh fruits and vegetables. The Canadian Border Services Agency coded the import categories in the 2007 version of the Customs Tariff and added an additional 20 organic products on July 1, 2008. Since January 1, 2009, three additional organic codes have been added to the [*Certified Organic Commodity Import Codes*](#). The goal is to eventually develop a full list of codes to track both Canadian import and export trade in all significant organic agricultural products.

Given Canada's heavy dependence on imports of organic food from the United States, the tracking of Canadian imports of organics is expected to provide a better understanding of the importance of U.S. organic food exports to this market. In the next two tables imports of fresh apples from the United States and from all countries are divided by intended use: fresh market organic, fresh market non-organic, and; fresh for processing.

Canada: Fresh Apple Imports from United States, By Variety; Organic, Not Organic, for Processing

Marketing Year: July/June

Quantity: Metric Tons

HS Code	Description		2006/07	2007/08	2008/09	% chng
	080810 Apples, Total		139,661	132,565	138,599	5%
	Not Organic	N	107,467	105,693	103,043	-3%
	Organic	O	2,123	4,347	5,426	25%
	For Processing	P	30,073	22,524	30,127	34%
0808101097	Apples, Gala, fresh, not organic	N	24,497	29,531	28,630	
0808101093	Apples, Granny Smith, fresh, not organic	N	28,218	24,799	23,588	-5%
0808101019	Apples, Fresh, nes, for processing	P	13,339	13,769	19,076	39%
0808101096	Apples, Red Delicious, fresh, not organic	N	20,078	20,125	18,443	-8%
0808101099	Apples, Fresh, nes, not organic	N	17,994	17,811	17,258	-3%
0808101092	Apples, Golden Delicious, fresh, not organic	N	14,603	12,609	13,639	8%
0808101015	Apples, McIntosh, fresh, for processing	P	3,512	4,393	6,275	43%
0808101014	Apples, Ida Red, fresh, for processing	P	5,026	3,047	2,707	-11%
0808101084	Apples, Gala, fresh, organic	O	375	1,031	1,627	58%
0808101089	Apples, Fresh, organic	O	392	949	1,115	17%
0808101082	Apples, Red Delicious, fresh, organic	O	548	796	975	22%
0808101081	Apples, Golden Delicious, fresh, organic	O	179	966	867	-10%
0808101083	Apples, Granny Smith, fresh, organic	O	629	605	842	39%
0808101012	Apples, Golden Delicious, fresh, for processing	P	657	693	718	4%
0808101013	Apples, Granny Smith, fresh, for processing	P	595	195	697	257%
0808101091	Apples, Empire, fresh, not organic	N	1,392	240	537	124%
0808101095	Apples, McIntosh, fresh, not organic	N	510	239	468	96%
0808101017	Apples, Gala, fresh, for processing	P	1,481	66	399	505%
0808109000	Apples, Fresh, nes, except in their natural state	N	2	336	358	7%
0808101011	Apples, Empire, fresh, for processing	P	562	54	137	154%
0808101094	Apples, Ida Red, fresh, not organic	N	173	3	122	3967%
0808101016	Apples, Red Delicious, fresh, for processing	P	4,901	307	118	-62%

**Special Note: Import trade data for organic apples began Jan. 1, 2007. Therefore full Mktg Year % change comparison not possible.

Source: derived from World Trade Atlas.

The table highlights that out of the 138,599 MT of fresh apples imported from the United States during 2008/09, roughly 78 percent of these imports were destined for the fresh market. The breakout between non-organic and organic apples based on tariff lines indicates that approximately 74 percent of these imports are non-organic (103,043 MT) and 4 percent organic (5,426 MT). Imports for processing totaling 30,127 MT accounted for the remainder, or roughly 22 percent of total imports.

The table on the next page provides data on Canada's total apple imports. Canadian apple imports in 2008/09 totaled 173,369 MT of which 134,884 MT were not organic, 7,604 MT were organic, and 30,880 MT were for processing.

Canada: Fresh Apple Imports from All Countries						
By Variety; Organic, Not Organic, for processing						
Marketing Year: July/June			Quantity: Metric Tons			
HS Code	Description		2006/07	2007/08	2008/09	% Chg
	080810 Apples, Total		178,317	166,594	173,369	4%
	Not Organic	N	145,161	138,483	134,884	-3%
	Organic	O	2,999	5,591	7,604	36%
	For Processing	P	30,157	22,524	30,880	37%
0808101097	Gala, fresh, not organic	N	43,830	46,367	46,191	0%
0808101093	Granny Smith, fresh, not organic	N	35,962	31,209	29,642	-5%
0808101099	Fresh, nes, not organic	N	28,388	27,294	25,416	-7%
0808101019	Fresh, nes, for processing	P	13,339	13,769	19,408	41%
0808101096	Red Delicious, fresh, not organic	N	20,180	20,162	18,499	-8%
0808101092	Golden Delicious, fresh, not organic	N	14,713	12,631	13,651	8%
0808101015	McIntosh, fresh, for processing	P	3,512	4,393	6,275	43%
0808101014	Ida Red, fresh, for processing	P	5,026	3,047	2,707	-11%
0808101084	Gala, fresh, organic	O	825	1,654	2,572	56%
0808101089	Fresh, organic	O	655	1,371	2,094	53%
0808101083	Granny Smith, fresh, organic	O	788	796	1,093	37%
0808101082	Red Delicious, fresh, organic	O	552	804	978	22%
0808101013	Granny Smith, fresh, for processing	P	679	195	934	379%
0808101081	Golden Delicious, fresh, organic	O	179	966	867	-10%
0808101012	Golden Delicious, fresh, for processing	P	657	693	718	4%
0808101017	Gala, fresh, for processing	P	1,481	66	583	783%
0808101091	Empire, fresh, not organic	N	1,403	240	537	124%
0808101095	McIntosh, fresh, not organic	N	510	240	468	95%
0808109000	Fresh, nes, except in their natural state	N	2	337	358	6%
0808101011	Empire, fresh, for processing	P	562	54	137	154%
0808101094	Ida Red, fresh, nor organic	N	173	3	122	3967%
0808101016	Red Delicious, fresh, for processing	P	4,901	307	118	-62%
**Note: Import trade data for organic apples began Jan. 1, 2007. Therefore full Mktg Year % change comparison not possible.						
Source of data: Statistics Canada/World Trade Atlas						

Apple Exports

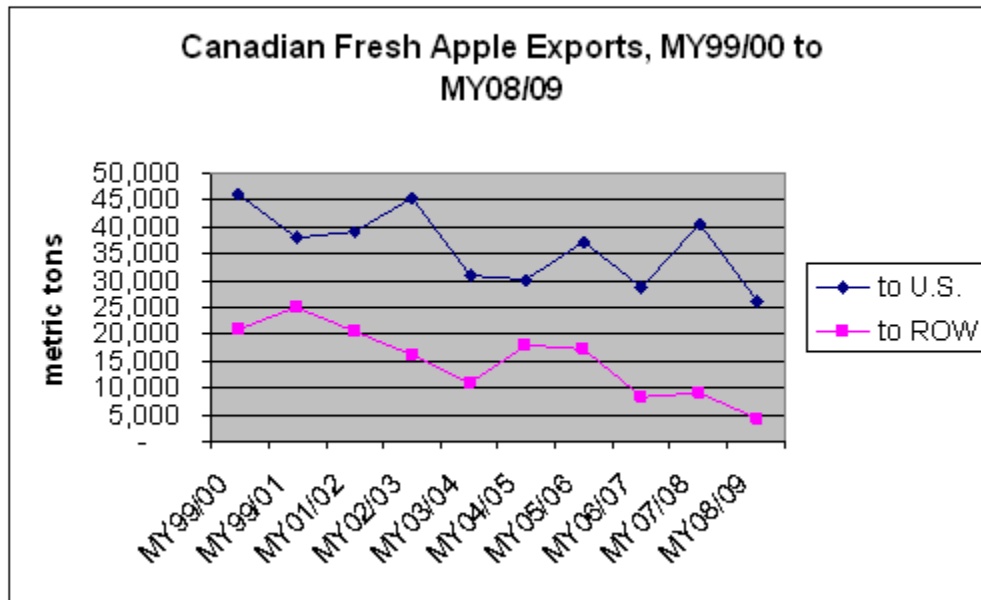
Canadian fresh apple exports fell in 2008/09 to 30,371 MT, down by over 19,290 MT or 39 percent compared to 2007/08. Canada's apple crop was affected by frost during the spring that damaged blossoms. Frost damage in the spring was then followed by severe summer hail storms.

The 2008/09 weather-induced drop in exports, combined with increased world competition resulting from consumers' demands for newer varieties and lower prices, is forcing apple producers wishing to remain competitive to switch to newer higher yielding, more popular varieties. At the same time, 2009's higher pollination levels and overall good weather produced a larger than usual crop that may drive down prices. Canadian 2009/10 exports are forecast at around 40,000 MT of apples, but export volumes may be adversely affected by the strength of the Canadian dollar and competition from the U.S. crop.

Canada: Fresh Apple Exports				
Marketing Year: July/June				
HS: 080810				
Quantity: Metric Tons				
Country	2006/07	2007/08	2008/09	Percent change
The World	37,427	49,661	30,371	-39%
United States	28,603	40,830	26,139	-36%
Mexico	2,925	3,057	1,645	-46%
United Kingdom	2,397	3,366	1,127	-67%
Costa Rica	509	509	375	-26%
Iceland	478	500	304	-39%
Taiwan	567	669	220	-67%
Singapore	41	128	207	62%
Trinidad & Tobago	245	81	24	-70%
El Salvador	0	139	0	-100%
Honduras	300	100	0	-100%
Source: Derived from World Trade Atlas				

10 Years of Apple Exports

The graph below shows Canada's apple exports to the United States rebounding in 2007/08 (40,830 MT), however the long-term trend still remains downward. Canada is vulnerable to U.S. demand fluctuations as shown by the steep decline in 2008/09 when exports fell to 30,371 MT, or 39 percent, with exports to the United States at only 26,139 MT.



ROW: "Rest of the World"

Source: Derived from World Trade Atlas

Pear Trade

The Canadian import market for fresh pears has been relatively flat for a number of years. Canadian pear orchard size is small and declining. Imports of fresh pears account for about 85 percent of total Canadian fresh pear supply. Despite increased competition from China and Argentina over the past ten years, U.S. fresh pear exporters remain the dominant suppliers to the Canadian market. Canada's exports of fresh pears are less than 300 MT annually.

Canada: Fresh Pear Imports, By Country

Marketing Year: July/June

HS: 080820

Quantity: Metric Tons

Country	2006/07	2007/08	2008/09	Percent change
The World	76,641	77,371	68,584	-11%
United States	40,475	44,193	35,564	-20%
China	12,810	12,823	12,518	-2%
Argentina	14,964	10,864	11,552	6%
South Africa	2,933	2,889	3,438	19%
Chile	2,467	2,987	2,093	-30%
Australia	952	1,694	1,861	10%
Portugal	957	421	479	14%
Italy	505	702	466	-34%
Korea, South	257	327	290	-11%
New Zealand	232	243	239	-2%
All Others	89	228	84	-63%

Source: Derived from World Trade Atlas

Policy:**No Active Pursuit of Trade Action**

Canada's last trade action against U.S. apples was in 2000. From 1989-2000, Canada imposed anti-dumping duties on U.S. Red Delicious apples. The initial case was allowed to expire in early 1994, however under renewed industry pressure Canada responded with a new anti-dumping investigation. This investigation resulted in the renewed application of anti-dumping duties which were eventually lifted by the Canadian International Trade Tribunal in February 2000. Since then the Canadian apple industry has sought to improve its own market development strategies, including lobbying action for a national replant program to help modernize Canada's apple orchards (see below).

Summary of Orchard Replant Programs

Since July 2007 each of Canada's major tree fruit producing provinces operates an orchard replant program. These programs assist producers with the removal of older lower yielding, less popular varieties and their replacement with more efficient higher density plantings of newer varieties.

Below is summary of the programs available to tree fruit and grapevine producers provided by the federal and provincial governments. Some programs include marketing strategies in addition to orchard revitalization.

British Columbia

In July 2007, the federal government and British Columbia announced a jointly funded C\$8 million (C\$5 million federal, C\$3 million provincial) program to provide for the removal and renewal of plant stock and the development of strategic regional plans. The money is targeted at British Columbia's tree fruit and grapevine industries to help them adapt to changing markets. The program is designed to assist the sector address mounting pressures from declining prices and demand while also promoting export growth. In order to be eligible to participate in the program, an applicant must be actively engaged in tree fruit production and responsible for the operations of the orchard. The applicant must be the owner (or lessee) of the land to be replanted. The owner (and in the case of leased property, both the owner and the lessee), must certify an intention to maintain the property as a commercial orchard operation for a period of at least 5 years from the date of replanting. Applicants with projects that are removed within that 5 year period may be required to repay any grants paid. The orchard must have at least 1 hectare (2.47 acres) in tree fruit cultivation and be located in British Columbia.

For apples the grant will be of C\$3.50 per tree for a maximum of 2,000 trees per acre, with a maximum grant eligibility of C\$7,000 per acre. The program indicates that best returns are generally obtained from plantings of 1,200 to 2,000 trees per acre. A minimum of 1,200 trees per acre is recommended. Planting densities of less than 1,000 trees per acre will only be considered for valid horticultural reasons acceptable to the Administrator and supported by a horticulturist. Apple blocks must be at least one acre comprised of no more than two varieties, however, smaller areas will be considered where an existing block of the same variety is being extended, or as part of the business plan the block is to be extended in the following year(s). A reasonable number of pollinizers should be incorporated where required.

For soft fruit and pears the grant for soft fruit and pears will be C\$5 per tree to a maximum of 800 trees per acres or C\$4,000 per acre. Blocks must be at least one acre of one commodity, with not more than three varieties, however smaller areas will be considered where for example, an existing block of the same variety is being extended, or if the business plan is to extend the block in the following year(s). Pollinizers, where required, must be planted within the block.

Ontario

In February 2008, Agriculture and Agri-Food Canada announced that it will provide Ontario growers up to C\$22.3 million for the removal of fruit trees and grapevines, as well as for the development of strategic commodity plans. The Canada-Ontario Orchards and Vineyards Transition Program (OVTO) is a joint federal and provincial program to help grape, apple, and tender fruit producers adapt to industry pressures and changing markets. Under the program, eligible participants will receive C\$1,618.74 per eligible acre towards their orchard and or grapevine stock removal and disposal costs, up to a maximum of C\$800,000 over the lifetime of the program. A producer may submit

an application form at any time before September 30, 2010. This program will run until March 31, 2011.

Quebec

Canada in February 2008, announced a C\$5.6 million program to help Quebec's orchard and grapevine growers adapt to the market and respond to changing consumer preferences. The federal funding announcement is in addition to C\$12 million under a Quebec government program for replanting new varieties of apple trees. Together, the programs will provide for the removal of fruit trees and grapevines and the development of new strategic commodity plans. The strategic planning component is aimed at assisting the fruit industry to plan for the future and be in a better position to take advantage of new market opportunities. The federal contribution will end March 31, 2011. Under the apple tree component, government financial assistance is capped at C\$6,600 per hectare for the replanting of dwarf apple trees and C\$4,000 for semi-dwarf trees.

Nova Scotia

In February 2008 the Government of Canada announced that it would help Nova Scotia's tree fruit and grapevine industries by providing up to C\$2.3 million to help growers meet changing market demand. This funding builds on C\$1.5 million in provincial initiatives already in place to revitalize the sectors. The Nova Scotia government had earlier committed C\$1.5 million in support of the tree fruit and grapevine and wine sectors, including the Honeycrisp Orchard Renewal Program that is helping commercial apple growers in Nova Scotia replant orchards with this newer, more popular variety. Nova Scotia producers who participate in program will have to commit to keeping the land available for agriculture for five years.

The Orchards and Vineyards Transition Program will run until 2011 and will help cover some of the costs associated with removing fruit trees (apple, peach, pear, plum, and cherry) or grapevines in order to plant new varieties and other crops. The program will also help commodity organizations develop long-term marketing and production plans. To be eligible to participate in this program, an applicant must possess a current farm registration under the Farm Registration Act and be participating in the Environmental Farm Plan (EFP) Program. Also an applicant must own or lease a minimum of 0.5 hectares (1.24 acres) of orchard/vineyard that is reporting production in Nova Scotia. In the case of a lease arrangement, the lease must be a minimum duration (of 5 years). Finally an applicant must be willing to remove at least one half (0.5) acre of orchard/vineyard.

New Brunswick

The Orchards and Vineyards Transition Program (OVTP), will run until March 31, 2011, and allow New Brunswick tree fruit and grape growers to apply for funding to help cover some of the costs associated with removing fruit trees or grapevines, and for industry

associations to develop strategic commodity plans. Total funding available is C\$772,680 of which C\$463,680 is federal money.

To be eligible to participate in this program, an applicant must be a producer in New Brunswick who owns or leases at least 0.25 hectares (0.62 acres) of fruit trees or grapevines. The applicant must have commercially harvested fruit or grapes in the growing season prior to the plant removal. There is a requirement to commit the land in agriculture or available for agriculture for a period of five years from when an approved plant removal project is undertaken. Following submission and approval of a project application, participants will receive payment based upon the actual tree fruit and or grapevine area removed and paid at a rate equivalent to C\$1,618.74 per acre (C\$4,000.00 per hectare).

Marketing:

Package Sizes

On what has turned out to be a prolonged trial basis, Canada deregulated retail package sizes for fresh apples in the late 1990s. In October 1997, the Canadian Food Inspection Agency (CFIA) initiated a 2-year test program for certain bulk shipment of apples. Sales have since been greatly facilitated by the easing of restrictions on the bulk movement of apples in bins weighing up to 200 kilograms.

The Fresh Fruit and Vegetable Regulations under the Canada Agricultural Products Act previously allowed the unrestricted commercial import or interprovincial movement of apples in containers of 25 kilograms or less. CFIA's 200 kilogram decade-old test program rule for bulk shipments is unlikely to be abandoned given its success. This policy has been formally incorporated into the CFIA's working document titled [Guidelines for Ministerial Exemptions for Apples](#).

Post believes that though that this test program has yet to be officially incorporated into the Fresh Fruit and Vegetable Regulations, there are no indications that the trial period will be terminated any time soon.

Production, Supply and Demand Data Statistics:

Apples, fresh Canada Hectares, metric tons	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Jul 2007		Market Year Begin: Jul 2008		Market Year Begin: Jul 2009	
	USDA Official Data	New Post Data	USDA Official Data	New Post Data	USDA Official Data	New Post Data
Area Planted	20,892	20,892	19,494	20,305		19,275
Area Harvested	18,110	18,110	17,312	17,808		16,159
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	405,543	405,543	360,000	393,435		410,000
Non-Comm. Production	0	0	0	0		0
Production	405,543	405,543	360,000	393,435		410,000
Imports	163,000	166,594	175,000	173,369		170,000
Total Supply	568,543	572,137	535,000	566,804		580,000
Fresh Dom. Consumption	418,543	422,476	395,000	437,433		440,000
Exports	50,000	49,661	50,000	30,371		40,000
For Processing	100,000	100,000	90,000	99,000		100,000
Withdrawal From Market	0	0	0	0		0
Total Distribution	568,543	572,137	535,000	566,804		580,000

Pears, fresh Canada Hectares, metric tons	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Jul 2007		Market Year Begin: Jul 2008		Market Year Begin: Jul 2009	
	USDA Official Data	New Post Data	USDA Official Data	New Post Data	USDA Official Data	New Post Data
Area Planted	1,354	1,354	1,044	1,161		864
Area Harvested	1,182	1,182	917	1,095		791
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Trees	0	0	0	0		0
Commercial Production	11,884	11,884	9,000	9,564		7,600
Non-Comm. Production	0	0	0	0		0
Production	11,884	11,884	9,000	9,564		7,600
Imports	77,400	77,371	75,000	68,584		70,000
Total Supply	89,284	89,255	84,000	78,148		77,600
Fresh Dom. Consumption	85,234	85,011	83,450	77,379		77,220
Exports	50	244	50	269		280
For Processing	4,000	4,000	500	500		100
Withdrawal From Market	0	0	0	0		0
Total Distribution	89,284	89,255	84,000	78,148		77,600

Author Defined:

Exchange Rates

Throughout much of 2008, the Canadian dollar had weakened against the U.S. dollar. Since March 2009, the Canadian dollar has gradually regained ground against the U.S. dollar. The Canadian dollar has grown stronger compared to the U.S. dollar especially in the last quarter of 2009 and is again approaching parity. The Canadian dollar's strength remains strongly linked to the price of oil.

US\$/CAN\$ Summary of Closing Rates (Month/Day/Year)	
Latest closing:	(11/12/2009) - \$1.0561
Past 12 months	
High	(03/09/2009) - \$1.2991
Low	(10/14/2009) - \$1.0259
From 1949 to present	
High	(01/18/2002) - \$1.6125
Low	(11/06/2007) - \$0.9215
Monthly closing, past 12 months:	
	October 2009 1.0819
	September 2009 1.0707
	August 2009 1.0950
	July 2009 1.0775
	June 2009 1.1630
	May 2009 1.0917
	April 2009 1.1930
	March 2009 1.2613
	February 2009 1.2723
	January 2009 1.2265
	December 2008 1.2180
	November 2008 1.2370
	October 2008 1.2045
Rates equal the price of 1 U.S. dollar, in Canadian dollars.	
Source: Bank of Canada	